

CONFIDENTIAL

21 October 1950


MEMORANDUM FOR: The Executive
 FROM: Deputy Executive
 SUBJECT: Procedure for Procurement and Replenishment
 of Confidential Funds

1. Public Law 110 states:

"Sec. 10.(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified."

2. Procedure for procurement and replenishment of funds required to meet the confidential expenses of the Agency:

a. Agent cashiers are designated by the Chief Disbursing Officer of the Treasury Department upon the recommendation of the Director. Current designations are:

<u>Name</u>	<u>Assignment</u>	<u>Maximum Authorization</u>
	Chief, Finance Division, Special Support Staff	\$1,000,000
	Deputy Chief, Finance Div., Special Support Staff	\$1,000,000
	Chief, Monetary Branch, Finance Div., SSS (Primarily concerned with foreign exchange transactions)	\$1,000,000
	Disbursing Officer, Finance Div., SSS	\$ 500,000

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b. Each Agent Cashier is bonded for \$200,000. Treasury Department has concurred in amount of the bond. Bond premium costs are paid by CIA under authority of Public Law 110.

CONFIDENTIAL

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c. Agent Cashier obtains an advance from the Chief Disbursing Officer to the maximum amount authorized, and, in effect, acts as agent of the Chief Disbursing Officer in expending these funds. Expenditures must be accounted for to the Chief Disbursing Officer as indicated in paragraph 1 above, at least once each month, at which time the advance to the Agent Cashier is replenished to the maximum authorized amount.

3. All expenditures by Agent Cashiers are made in accordance with Agency Confidential Funds Regulations. Control measures are indicated below:

a. Basic authorizations:

(1) Projects approved by Assistant Directors within overall budget allocations to the Offices concerned.

(2) Special projects approved by the Director.

(3) Normal operating requirements within available funds.

b. Approving Officers designated by Assistant Directors concerned certify as to the propriety of requested expenditures.

c. Vouchers are audited by auditors in the Finance Division, Special Support Staff, and reviewed and certified for payment by Certifying Officers of the Finance Division. Certifying Officers are legally responsible for accuracy and propriety of expenditures.

d. Final review and payments are made by Agent Cashiers.

e. Questions of legality which arise are resolved by the General Counsel.

f. A separate, independent audit by the Audit Division of the Inspection and Security Staff is constantly in process, and periodic reports of audit results are submitted to the Executive for the information of the Director, and any corrective or improvement measures which may be indicated.

4. Vouchers, such as those attached, representing the total of all expenditures (including operational advances and foreign exchange transactions not yet accounted for in detail) made during the period covered, are prepared for the signature of the Director and comprise the only accounting required by law for CIA to render to the General Accounting Office and the Treasury Department.

5. The whole problem of the utilization of confidential funds in such manner as to ensure efficiency and flexibility in covert operations and at the same time to provide adequate protection to the Director and

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the United States Government against possible misuse or actual malfeasance is a difficult one. This problem is under constant review both within the Agency and with appropriate officials of the General Accounting Office and the Treasury Department. A conviction of good faith and reasonable controls has been established in our relations with the General Accounting Office which has resulted in the sympathetic support of that Office.



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Attach.
2 Vouchers

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ORIGINAL DOCUMENT MISSING PAGE(S):

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